

CFAES

Join us for the next
FARM OFFICE LIVE

January Topics:

- Federal Program Updates/Upcoming Programs
- Power of Attorney Documents
- Legislative and Regulatory Update
- Crop Inputs and Budget for 2023
- Timely Tax Issues

Register or watch replays at
go.osu.edu/farmofficelive

Register once and receive links to join future programs
Each session includes timely updates and Q&A time on topics of interest.



THE OHIO STATE UNIVERSITY
EXTENSION

COLLEGE of FOOD, AGRICULTURAL, and ENVIRONMENTAL SCIENCES

OSU Extension's Farm Office Team

Peggy Kirk Hall
David Marrison
Barry Ward
Robert Moore
Jeff Lewis

Jan. 20th 10:00 – 11:30 AM

Save the date!
We will be back Feb. 17 at 10 AM

*Farm Office - Your farm's
ag law and farm management
resource partner.*

farmoffice.osu.edu



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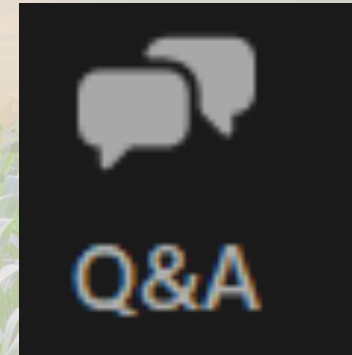


**Slides and a recording for today's presentation can
be found at:**

go.osu.edu/farmofficelive

Questions??

- ❖ Feel free to submit questions at any time using the Q/A feature at the bottom of your screen.
- ❖ You can also email questions to David Marrison at marrison.2@osu.edu
- ❖ We will try to answer as many questions as we can at the end of the presentation.





LOVE

Happy National
Cheese Lover's Day

Legislative and Regulatory Update



THE OHIO STATE UNIVERSITY

EXTENSION

Congressional leadership

HOUSE OF REPRESENTATIVES

Speaker

Kevin McCarthy
R-California



Democratic Leader

Hakeem Jeffries
D-New York



SENATE

Majority Leader

Charles Schumer
D-New York



Minority Leader

Mitch McConnell
R-Kentucky





MAJORITY



DEMOCRAT - MICHIGAN

**Chairwoman
Debbie Stabenow**

MINORITY



REPUBLICAN - ARKANSAS

**Ranking Member
John Boozman**



D - VERMONT
**Patrick
Leahy**

[VISIT WEBSITE →](#)



D - OHIO
**Sherrod
Brown**

[VISIT WEBSITE →](#)



D - MINNESOTA
**Amy
Klobuchar**

[VISIT WEBSITE →](#)



D - COLORADO
**Michael
Bennet**

[VISIT WEBSITE →](#)



D - NEW YORK
**Kirsten
Gillibrand**

[VISIT WEBSITE →](#)



R - KENTUCKY
**Mitch
McConnell**

[VISIT WEBSITE →](#)



R - NORTH DAKOTA
John Hoeven

[VISIT WEBSITE →](#)



R - IOWA
Joni Ernst

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R - MISSISSIPPI
**Cindy
Hyde-Smith**

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R - KANSAS
**Roger
Marshall**

[VISIT WEBSITE →](#)



D - MINNESOTA
**Tina
Smith**

[VISIT WEBSITE →](#)



D - ILLINOIS
**Richard
Durbin**

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D - NEW JERSEY
**Cory
Booker**

[VISIT WEBSITE →](#)



D - NEW MEXICO
**Ben Ray
Lujan**

[VISIT WEBSITE →](#)



D - GEORGIA
**Raphael
Warnock**

[VISIT WEBSITE →](#)



R - ALABAMA
**Tommy
Tuberville**

[VISIT WEBSITE →](#)



R - IOWA
**Charles
Grassley**

[VISIT WEBSITE →](#)



R - SOUTH DAKOTA
**John
Thune**

[VISIT WEBSITE →](#)



R - NEBRASKA
**Deb
Fischer**

[VISIT WEBSITE →](#)



R - INDIANA
**Mike
Braun**

[VISIT WEBSITE →](#)



GLENN "GT" THOMPSON

Committee Chairman

R-PA-15



DAVID SCOTT

Ranking Member

D-GA-13



Returning Members (R)

Rep. Rick Crawford (AR-01)
Rep. Austin Scott (GA-08)
Rep. Scott Desjarlais (TN-04)
Rep. Doug LaMalfa (CA-01)
Rep. David Rouzer (NC-07)
Rep. Trent Kelly (MS-01)
Rep. Don Bacon (NE-02)
Rep. Dusty Johnson (SD-AL)
Rep. Jim Baird (IN-04)
Rep. Tracey Mann (KS-01)
Rep. Mary Miller (IL-15)
Rep. Barry Moore (AL-02)
Rep. Kat Cammack (FL-03)
Rep. Brad Finstad (MN-01)

New Members (R)

Rep. Frank Lucas (OK-03)
Rep. John Rose (TN-06)
Rep. Ronny Jackson (TX-13)
Rep. Mark Alford (MO-04)
Rep. Lori Chavez-DeRemer (OR-05)
Rep. Monica De La Cruz (TX-15)
Rep. John Duarte (CA-13)
Rep. Nick Langworthy (NY-23)
Rep. Max Miller (OH-07)
Rep. Marc Molinaro (NY-19)
Rep. Zach Nunn (IA-03)
Rep. Derrick Van Orden (WI-03)

Awaiting
Democrat
appointments

Farm Bill discussions are underway

Chair Thompson says House will advance a bill ahead of Senate

- House has begun hearings but has not announced priorities
- Chair is talking with Budget Committee Chair Jodey
- Has begun 2023 hearings

Chair Stabenow vows to get a bill through without getting mired in debt debate

- Can't increase baseline funding but will look for other sources outside of Farm Bill, such as funds for conservation, disaster relief, summer meals
- Plans to have a bill to President by September 30

Final act of the 117th Congress

The Consolidated Appropriations Act of 2023

\$25.48 billion for Agriculture, Rural Development, Food and Drug Administration, related agencies

- A 3% increase of \$737 million
- \$188.3 billion for food and nutrition programs
- \$3.5 billion for FDA programs
- \$2.2 billion for international food aid programs



Amelia Mae

Rural development	Broadband, infrastructure, housing, business and industry loans	\$4 billion
Forest Service programs	Forest restoration and fire risk reduction	\$3.9 billion
Disaster assistance	Crop and livestock losses	\$3.7 billion
Ag research	Ag Research Service, Nat'l Institute of Food and Ag, Ag and Food Research Initiatives, Land Grant institutions	\$3.45 billion
Conservation programs	Watershed and flood prevention, urban ag production, health forests reserve program	\$1.034 billion
Animal and plant health	APHIS, Ag Quarantine and Inspection Services Program	\$1.174 billion
Commodity assistance	Rice and cotton payments	\$350 million
Marketing programs	National Organic Program, Packers and Stockyards Act, Local Ag Market Program, Dairy Business Innovation	\$237 million
Pesticides	Reauthorization of Pesticide Registration Improvement Act	
Growing Climate Solutions Act and SUSTAINS Act	USDA voluntary program with technical assistance and third-party verification to reduce entry barriers to carbon and environmental credit markets; allow private entities to contribute conservation funding with match by USDA	

Federal regulatory issues to watch this year

- Final **Waters of the U.S.** rule published by EPA.... but will it matter?
 - U.S. Supreme Court ruling in Sackett wetlands case could nullify the rule
 - Expect legal challenges
- Final rule published by USDA for **National Organic Program**
 - Strengthens enforcement of NOP to protect integrity in organic supply chain—focus on grains
 - To be implemented in March 2024
 - Another rule coming to address organic livestock and poultry production practice
- Final rule under development by Labor Dept. on Adverse Effect Wage Rate Methodology for H-2A workers

Federal regulatory issues to watch this year

- EPA to designate two PFAS (“forever chemicals”) as hazardous waste?
 - Waste and clean up liability risk for farms?
- EPA considering rescinding the exemption for air emissions reporting for animal operations
- FSIS labeling proposals
 - Lab-cultured meat or poultry products
 - Voluntary labeling of meat with “product of USA” statement
- USDA regulations on use of poultry growing tournament systems
 - Fairness concerns
- USDA Packers and Stockyards Act regulations
 - Unfair competition concerns

Ohio legislative leadership changes

HOUSE

House Speaker
Jason Stephens
R-Kitt Hill

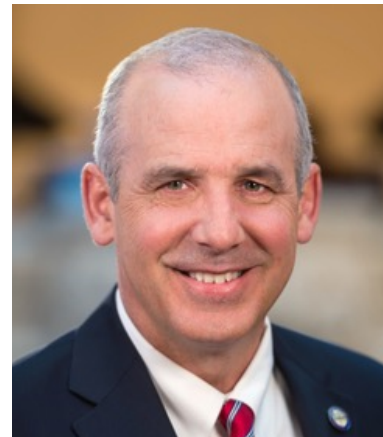


Minority Leader
Allison Russo
D-Upper Arlington



SENATE

Senate President
Matt Huffman
R-Lima



Minority Leader
Nickie Antonio
D-Lakewood



House Committees



Senate Agriculture & Natural Resources Committee



Tim Schaffer
District 20 | R

Chair



Al Landis
District 31 | R

Vice Chair



Paula Hicks-Hudson
District 11 | D

Ranking Member



Sandra O'Brien
District 32 | R



Shane Wilkin
District 17 | R

SENATE AGRICULTURE AND NATURAL RESOURCES COMMITTEE LEGISLATION

Legislation	Title
S. B. No. 13	Allow distilling, serving, shipping homemade liquor w/o permit

Federal Farm Program Update

2022 Census of Agriculture

- Respond online to the 2022 Census of Agriculture at agcounts.usda.gov.
- Paper surveys will be mailed in mid-December.
- Respond by February 6, 2023.
- Collected since 1840.
- NASS will release the results of the ag census in early 2024.



22-PS01
(08-03-2022)

Dear Producer,

The United States Department of Agriculture (USDA) is conducting the 2022 Census of Agriculture to provide a complete picture of all U.S. farms and ranches and the people who operate them. Collected once every five years, census data informs decisions that affect you, your community, and industry. Everyone who receives a census is **required by law** to respond (Title 7 USC 2204(g) Public Law 105-113). Whether you are engaged in agricultural activity or not, please reply promptly so we can update our records.

Using this URL and survey code, please complete the Census of Agriculture by February 6:

www.agcounts.usda.gov

Survey Code: [REDACTED]

Some questions may already be pre-filled with information from previous USDA surveys, making online reporting faster and more convenient. You will also receive a paper questionnaire in a few weeks. You do not have to fill out the paper version if you respond online. All information you provide is confidential and protected by federal law. If you need assistance completing the census, call toll-free 888-424-7828. For more information, visit nass.usda.gov/AgCensus. The 2022 Census of Agriculture is Your Voice, Your Future, Your Opportunity. Thank you.

Sincerely,

Hubert Hamer
Administrator, National Agricultural Statistics Service
United States Department of Agriculture

To respond now, follow these steps:

1. Go to: www.agcounts.usda.gov
2. Enter your survey code: [REDACTED]
3. Select **Submit & Get Survey(s)**.
4. Find the United States 2022 Census of Agriculture and select **Start Survey**.
5. Follow the survey prompts.
6. Complete the survey through the conclusion section and select **Submit Survey**.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB number is 0535-0226. The time required to complete this information collection is estimated to average 50 minutes, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Nationwide Farmer, Rancher, and Forest Prospective Customer Survey

Take this very important survey by March 31, 2023 about your general views and interactions with U.S. Department of Agriculture (USDA) agencies delivered by farm programs: Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA).

www.farmers.gov/survey



**LET YOUR VOICE
BE HEARD**

Inflation Reduction Assistance for Distressed Borrowers

- On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law.
- Section 22006 of the IRA provided \$3.1 billion for USDA to provide relief for distressed borrowers with certain Farm Service Agency (FSA) direct and guaranteed loans.
- \$3.1B allocated with \$1.3B for initial steps.
- \$800 million provided in October 2022.
- Expected to assist 35,000 distressed borrowers
- Complete details at: <https://www.farmers.gov/inflation-reduction-investments/assistance>

Farm Loan Immediate Relief for Borrowers with At-Risk Agricultural Operations

- Potential borrowers identified by USDA-FSA internally.
- Eligibility Requirements, the following may not include all requirements:
 - Meet the criteria of At-Risk Agricultural Operations, criteria is based on the financials of the operation which may include any one or more of the following, but not be limited to:
 - Must have a Direct or Guaranteed USDA FSA loan.
 - 60 days delinquent on loan payment
 - Utilized the Disaster Set-aside program
 - Have had loans that have been closed
 - No longer farming due to bankruptcy or loans that have been closed but still has debt owed, penalties, fees and or interest owed.

Farm Loan Immediate Relief for Borrowers with At-Risk Agricultural Operations

This is **NOT**:

- Debt Relief.
- Cancellation of Debt.

This **IS**:

- This is an Ad Hoc Government Program Payment.

WHY?

- Any debt relief or cancellation of debt on a government loan will immediately end the potential future eligibility for several the more common federal programs and loans.

Farm Loan Immediate Relief for Borrowers with At-Risk Agricultural Operations

Direct Loan Borrowers of USDA FSA Loans

- The program payments for direct loan borrowers were directly applied to the loans to make the borrower “current”.
- An additional amount also paid to cover the next upcoming loan payment.

Guaranteed Loans through a commercial lender

- Have also been sent out with in the name of the commercial bank and the borrower to be applied to the loan.
- If the bank chooses not to apply the payment to the loan and releases the check to the borrower, the program payment value will no longer be “guaranteed” if the loan goes in to default.

Disaster Set-Aside Program

- The amount that was set-aside will be directly applied to what was set-aside

Characteristics of Income

The program payment is ordinary income subject to Self-Employment Tax.

The borrower should receive a 1099-G (if \$600 or above) and a 1098 which will show the interest that has been paid by the borrower.

- The interest portion paid is a deductible cash expense to the farming operation & will help offset the income from the program payment dollar for dollar that was applied to the interest portion of the debt payment.

Please work with the borrowers that may be clients of yours with potential tax management strategies.

Payments are averaging from \$80,000 - \$150,000.

Challenges

Phantom Cash!

- A payment is received without any cash directly flowing through the borrower/operation; therefore, no cash can be pulled to cover the tax liability of the income.

Potential negative effects on other benefits.

- Affordable Care Act
- Social Security
- Medicare and Medicaid

•**EXAMPLE:** 80-year-old woman living in a nursing home and has not farmed in over 20 years, but still has debt from a direct USDA FSA loan. She is on Medicare, Medicaid, and receiving Social Security that has money being taken out of her check to cover the remaining debt.

- She now receives a sizable program payment that pays off the remaining debt!

Dairy Margin Coverage Program

- Make sure to review November 2022 Farm Office Live recording for Jason Hartschuh's DMC update.
- Sign-up period extended to January 31, 2023 (was to be 10/17/22 to 12/9/22).
- On-line decision tool available at:
<https://dmc.dairymarkets.org/#/>
- Complete program details at:
<https://www.fsa.usda.gov/programs-and-services/dairy-margin-coverage-program/index>

Food Safety Certification for Specialty Crops Program

- For specialty crop operations that incur eligible on-farm food safety program expenses related to obtaining or renewing a food safety certification in calendar years in 2022 or 2023.
- \$200 million available.
- Applications taken from 6/27/2022 to 1/31/2023.
- Covers costs for developing or maintaining a food safety plan, food safety certification fees, microbial testing, and training.
- Review December 2022 Farm Office Live for more details

Emergency Relief Program (ERP)

Phase One Announced on 11/18/22 with applications due 12/16/2022.

- To offset impacts of natural disasters in 2020 and 2021.
- \$65.7 received in Ohio to date to 5,779 applicants.

Emergency Relief Program (ERP)- Phase Two.

- **Phase Two Enrollment opens on January 23, 2023.**
- Eligible crop losses measured through revenue in 2020 and 2021.
- Due to wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze, excessive moisture or drought.
- More information to be released

<https://www.fsa.usda.gov/programs-and-services/emergency-relief/index>



Power of Attorney Documents

**Robert Moore, Attorney/Research Specialist
OSU Agricultural & Resource Law Program**

Power of Attorney Documents

- These documents are usually “form” documents
- Documents can usually be drafted without much expense
 - Can do documents yourself, examples are available on the internet
- Documents may be relatively easy to prepare but they are still very important
- Can save family members and friends a lot of work and stress by having power of attorney documents
- Review occasionally to be sure all information is correct and up-to-date

Financial Power of Attorney

- Also called General Power of Attorney or Durable Power of Attorney
- It allows you as the “principal” to name an “agent” to manage your finances and assets
- Even though it is a form document, the terms of the POA should be customized to you

Financial Power of Attorney

- Who should be your financial power of attorney?
 - Must be trustworthy
 - Best to be organized and have some business acumen
 - Better to be nearby but not a necessity
 - Family members are typically the power of attorney
 - Anyone 18+ years old can be the power of attorney
 - Attorneys and banks can serve as power of attorney but they will charge a fee
 - Can be somewhat inflexible

Financial Power of Attorney

- You can have multiple people serve as your power of attorney
 - They should get along. Agents who are squabbling or are hostile to each other can be a big problem
 - The document should state if decisions are made with majority consent or unanimous consent
 - Consider permitting agents to delegate responsibilities to each other so that all agents do not need to sign every check or do everything together

Financial Power of Attorney

- Key terms in a Financial Power of Attorney
 - General or Limited Powers
 - Does agent have full authority or limited to certain assets or specific powers?
 - When do powers start?
 - Can be immediate upon signing the document or only when principal becomes incapacitated
 - Having power of attorney begin only when principal is incompetent can put agent in a difficult position
 - Any other custom terms

Financial Power of Attorney

- When does a power of attorney document terminate?
 - When terminated by principal
 - Upon death

Financial Power of Attorney

Available at farmoffice.osu.edu



THE FINANCIAL POWER OF ATTORNEY

We can't always take care of our own financial and personal affairs. Whether due to medical issues, mental incapacity, schedule conflicts, or other unexpected circumstances, we sometimes need someone else to handle those needs. A Financial Power of Attorney (POA) is a legal instrument that can help in those times. It allows you as the "**principal**" to name an "**agent**" to perform duties such as managing your bank accounts, finances, and investments, signing your tax returns, or handling a specific business matter. It's a flexible legal document that you and your attorney can tailor to address different needs at different times. In this bulletin, we explain how financial POAs can be helpful to your situation and how they work.

HOW A FINANCIAL POWER OF ATTORNEY CAN HELP YOU

It gives you control. If you don't have a POA and become incapacitated, a court may have to appoint a legal guardian to act for you. The person the court selects as your guardian may be a person you wouldn't want to be involved in your affairs. With a Financial POA, you have control over who deals with your financial matters, and you can define the scope of that agent's authority.

It creates consistency. Authorizing someone to step in when you cannot avoids disruptions and keeps your finances and affairs running efficiently and smoothly.

It provides certainty. Third parties often want or require proof that someone has the legal authority to handle someone else's finances and dealings so that they don't end up in the middle of a fraud or theft situation. A Financial POA provides that proof to the parties you deal with.

THE UNIFORM POWER OF ATTORNEY ACT AND OHIO'S STATUTORY FORM

Many states, like Ohio, have adopted the **Uniform Power of Attorney Act**, a model law that provides default rules for POAs and standardizes requirements across states that adopt the law. The



This work is supported by the National Agricultural Library, Agricultural Research Service, U.S. Department of Agriculture. It is provided for educational purposes only, is not legal advice, and is not a substitute for the need to consult with a competent attorney licensed to practice in the appropriate jurisdiction.

Health Care Power of Attorney

- Designates who may make health care and medical decisions for you if you are unable to do so
- Only takes effect when principal is incapacitated
- Can be multiple people
- Family members are usually best to serve but can be anyone 18+ years old
- Can include specific instructions
- Make sure to use standard form

State of Ohio Health Care Power of Attorney

[R.C. §1337]

(Full Name)

(Birth Date)

This is my Health Care Power of Attorney. I revoke all prior Health Care Powers of Attorney signed by me. I understand the nature and purpose of this document. If any provision is found to be invalid or unenforceable, it will not affect the rest of this document.

I understand that my agent can make health care decisions for me only whenever my attending physician has determined that I have lost the capacity to make informed health care decisions. However, this does not require or imply that a court must declare me incompetent.

Definitions

Adult means a person who is 18 years of age or older.

Agent or attorney-in-fact means a competent adult who a person (the “principal”) can name in a Health Care Power of Attorney to make health care decisions for the principal.

Artificially or technologically supplied nutrition or hydration means food and fluids provided through intravenous or tube feedings. *[You can refuse or discontinue a feeding tube or authorize your Health Care Power of Attorney agent to refuse or discontinue artificial nutrition or hydration.]*

Bond means an insurance policy issued to protect the ward’s assets from theft or loss caused by the Guardian of the Estate’s failure to properly perform his or her duties.

Comfort care means any measure, medical or nursing procedure, treatment or intervention, including nutrition and/or hydration, that is taken to diminish a patient’s pain or discomfort, but not to postpone death.

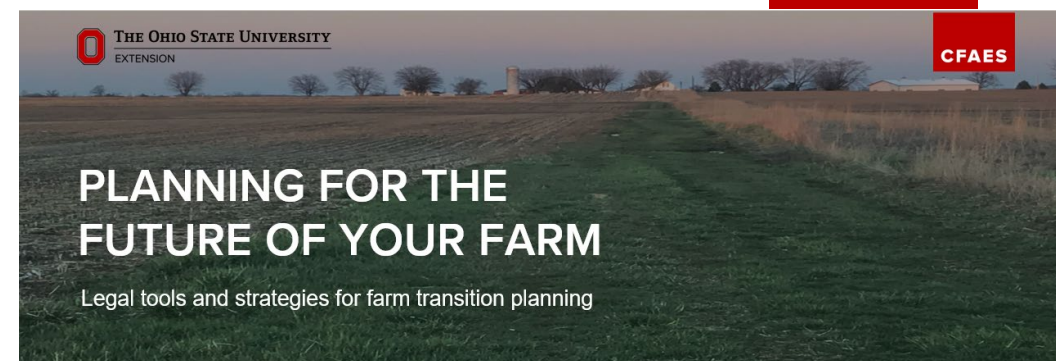
CPR means cardiopulmonary resuscitation, one of several ways to start a person’s breathing or heartbeat once either has stopped. It does not include clearing a person’s airway for a reason other than resuscitation.

Do Not Resuscitate or DNR Order means a physician’s medical order that is written into a patient’s record to indicate that the patient should not receive cardiopulmonary resuscitation.



Health Care Power of Attorney

Available at farmoffice.osu.edu



THE HEALTH CARE POWER OF ATTORNEY AND ADVANCE DIRECTIVES

Health care decisions like deciding whether to have a medical procedure, remain on life support, or donate body organs are challenging, but what if you are incapacitated and unable to make those decisions? Or what if you have wishes for your funeral and burial that you want carried out? There are several legal documents that can address these needs. Ohio law allows you to use a Health Care Power of Attorney, Living Will Declaration, Anatomical Gifts Declaration, Donor Registration, and Statement of Funeral Arrangements to give “advance directives” about your health care and death arrangements. These are important documents that ease burdens for both you and your loved ones.

THE HEALTH CARE POWER OF ATTORNEY

A Health Care Power of Attorney (POA) is a legal document that gives the person you appoint—your “agent”—the power to determine your health care needs. Ohio law provides that, unless you express otherwise in the POA, your agent may make health care decisions to the same extent you could if you were able to do so. For example, your agent could set up appointments, choose treatment, communicate with your doctors, or decide where to obtain long term care. The Health Care POA may also include special instructions about “life support” that authorize your agent to refuse artificial or technology supplied nutrition or hydration if you are in a permanently unconscious state. Alternatively, you may have a separate Living Will Declaration that further addresses end-of-life care, discussed below. Under Ohio law, a Health Care POA begins only if your doctor determines that you have lost the “capacity” to make informed health care decisions. You may revoke or change your Health Care POA prior to death, and it extinguishes upon death.



Living Will

- Your statement that you do not wish to be kept on life support if you are deemed permanently unconscious
- Must be deemed to be permanently unconscious by two physicians
- If you do not have a Living Will, your HCPOA will make the decision (if you have an HCPOA)
- Can include specific instructions

Living Will

- Those who choose to have a living do so to not burden their family with having to make the decision
- Those who do not choose a living will want a family member involved in the decision

State of Ohio Living Will Declaration Notice to Declarant

The purpose of this Living Will Declaration is to document your wish that life-sustaining treatment, including artificially or technologically supplied nutrition and hydration, be withheld or withdrawn if you are unable to make informed medical decisions and are in a terminal condition or in a permanently unconscious state. This Living Will Declaration does not affect the responsibility of health care personnel to provide comfort care to you. Comfort care means any measure taken to diminish pain or discomfort, but not to postpone death.

If you would not choose to limit any or all forms of life-sustaining treatment, including CPR, you have the legal right to so choose and may wish to state your medical treatment preferences in writing in a different document.

Under Ohio law, a Living Will Declaration is applicable only to individuals in a terminal condition or a permanently unconscious state. If you wish to direct medical treatment in other circumstances, you should prepare a Health Care Power of Attorney. If you are in a terminal condition or a permanently unconscious state, this Living Will Declaration controls over a Health Care Power of Attorney.

You should consider completing a new Living Will Declaration if your medical condition changes, or if you later decide to complete a Health Care Power of Attorney. If you have both documents, you should keep copies of both documents together, with your other important papers, and bring copies of both your Living Will and your Health Care Power of Attorney with you whenever you are a patient in a health care facility.



OSBA Y COLLEGE of FOOD, AGRICULTURAL, and ENVIRONMENTAL SCIENCES
Ohio State Bar Association

What if You Do Not Have These Documents?

- A court may appoint a guardian to make decisions for you
- Being a guardian takes a lot of time and requires training
 - Must provide accountings to court
 - Must seek court approval
- Court may appoint someone who you would not want to act on your behalf or someone you do not know

A background image of a rural landscape at sunset. A tall metal windmill stands in a field, with a bright sun low on the horizon behind it. A pine tree is visible on the left side of the frame.

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Agricultural and Resource Law Program
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THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Input Costs/Budgeting

- ✓ Macroeconomic Issues
- ✓ Overview of select input costs
- ✓ Economic outlook Ohio row crops – '23 crop budgets



Barry Ward

Leader, Production Business Management
Director, OSU Income Tax Schools



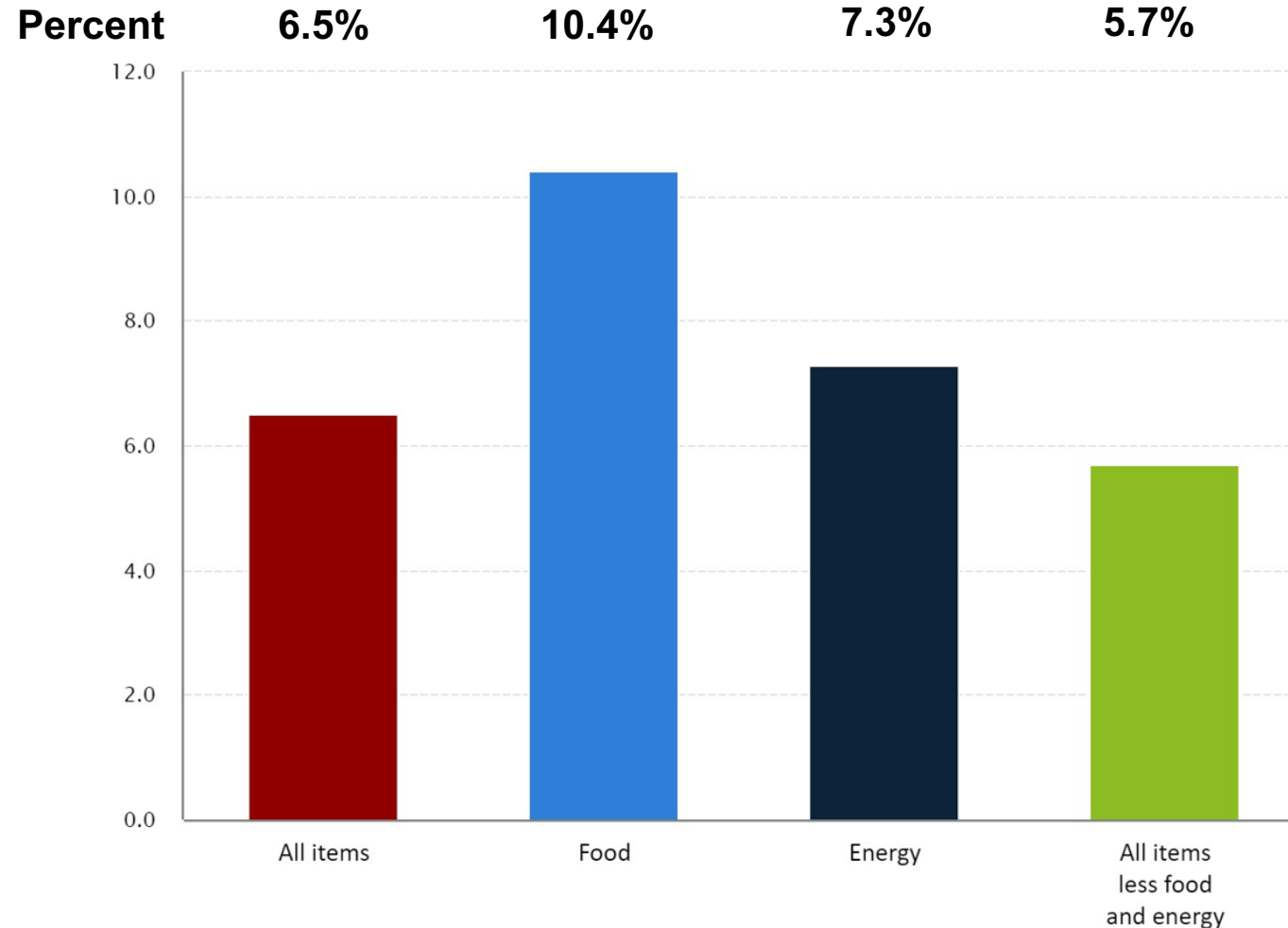
Inflation – Consumer Price Index (CPI)



Inflation – Consumer Price Index (CPI)

December 2022 - Not Seasonally Adjusted

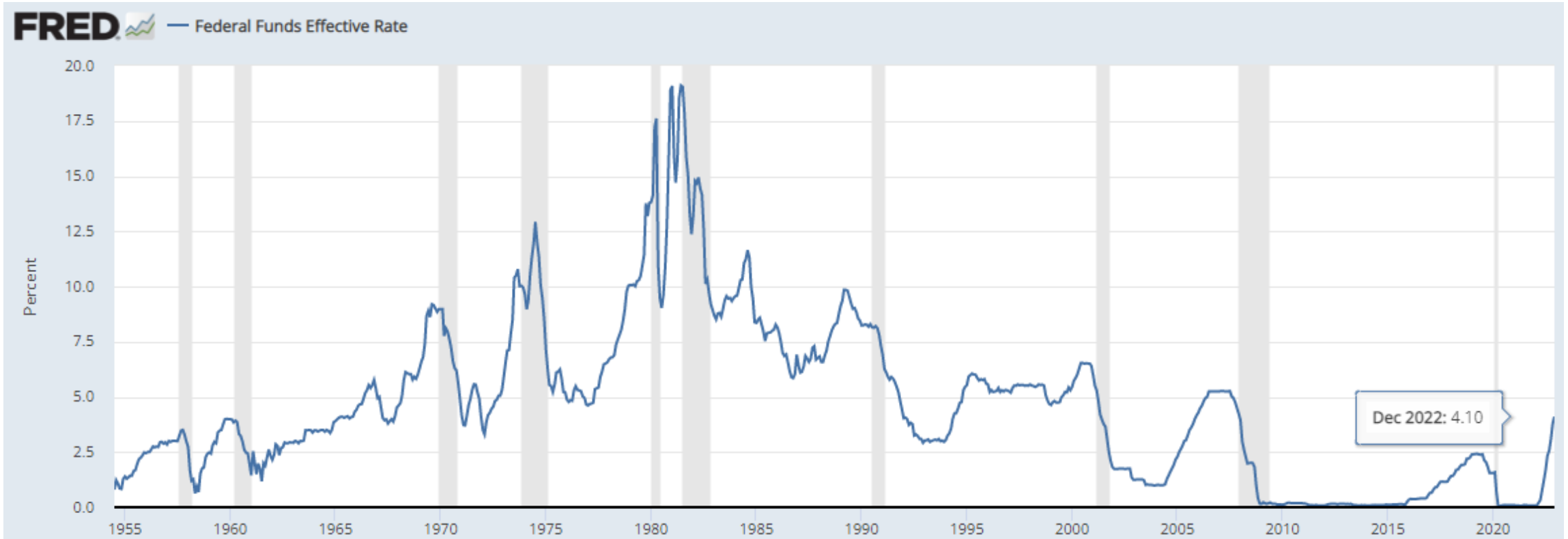
Source: U.S. Bureau of Labor Statistics



CFAES

Federal Funds Effective Rate

Source: Federal Reserve Bank of St. Louis



CFAES

Federal Reserve Bank

- ✓ Raising Interest Rates 4.25 – 4.5%
- ✓ Unwinding/Shrinking Balance Sheet

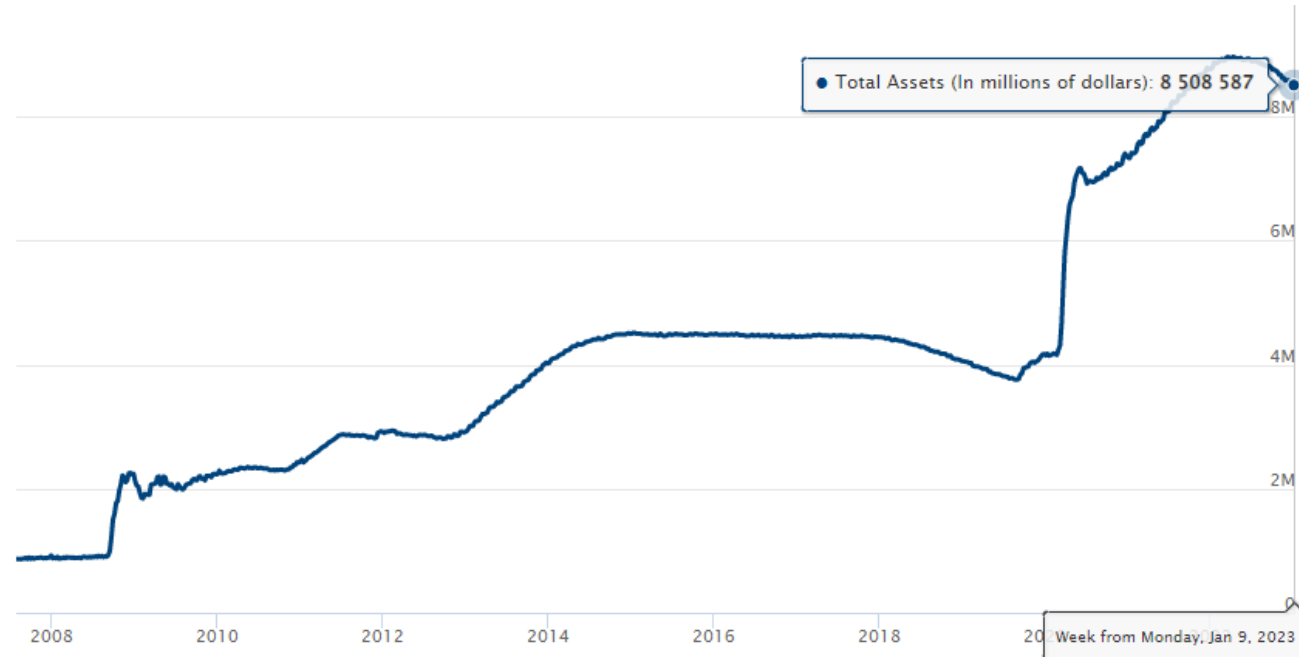
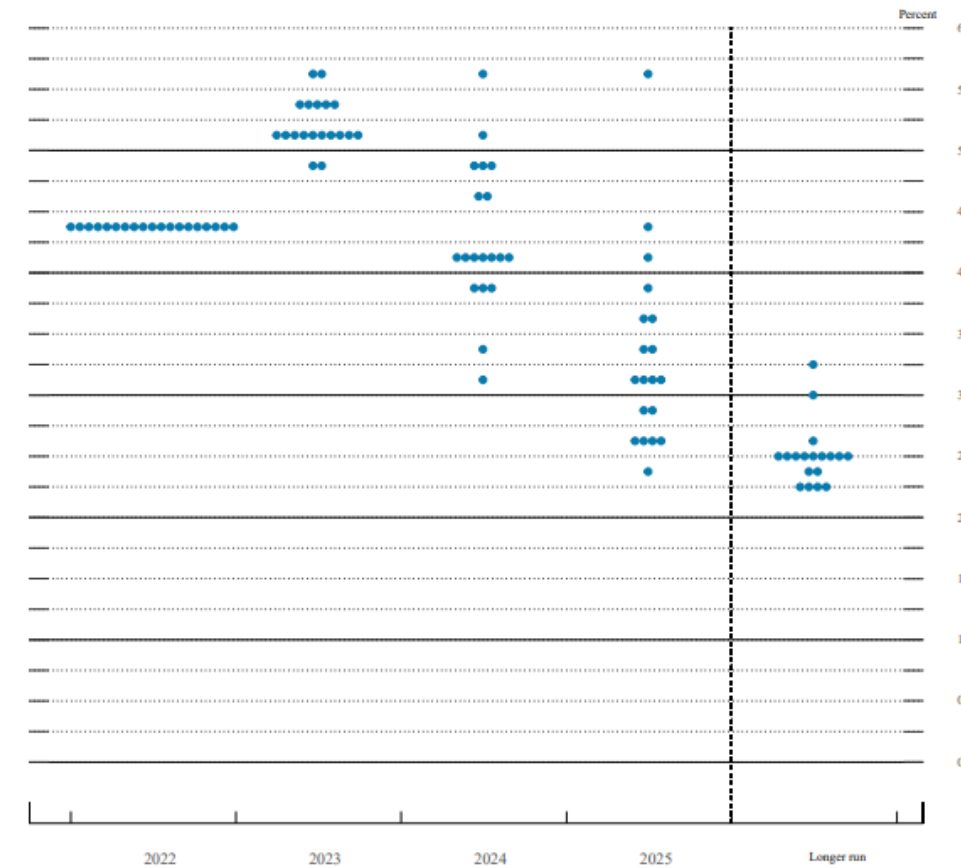
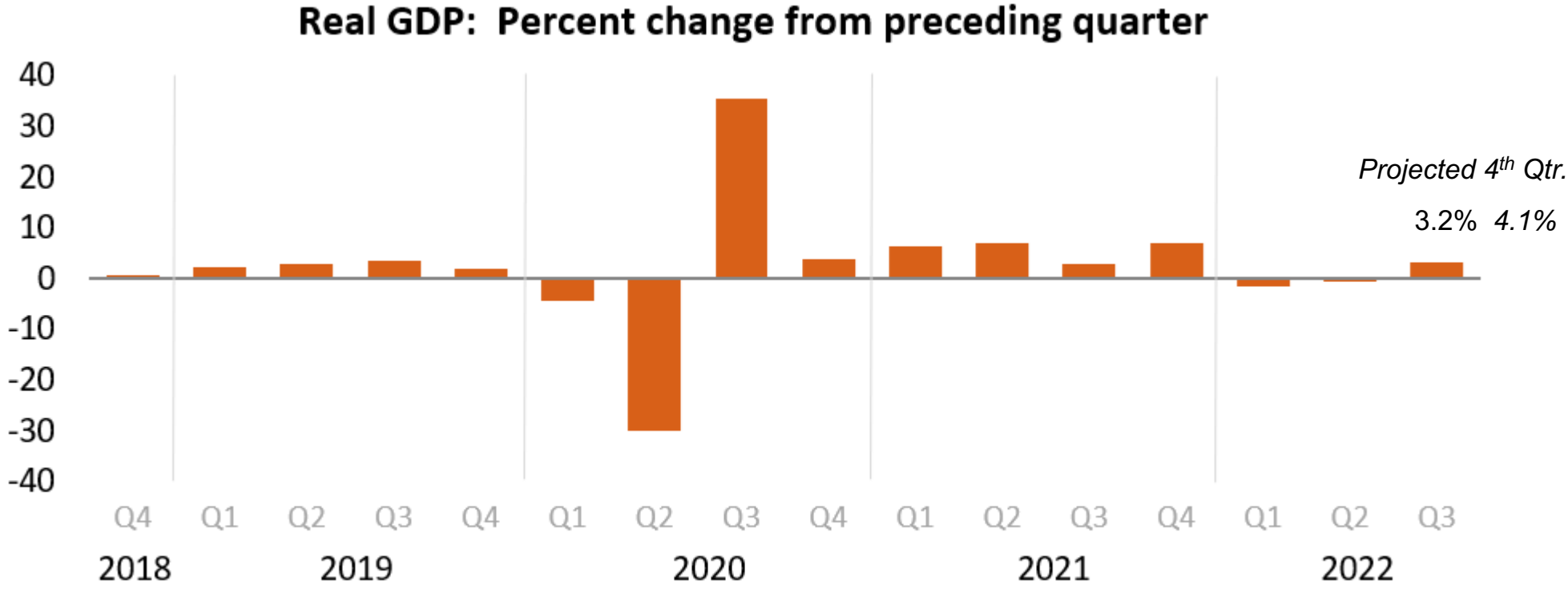


Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Gross Domestic Product (GDP)



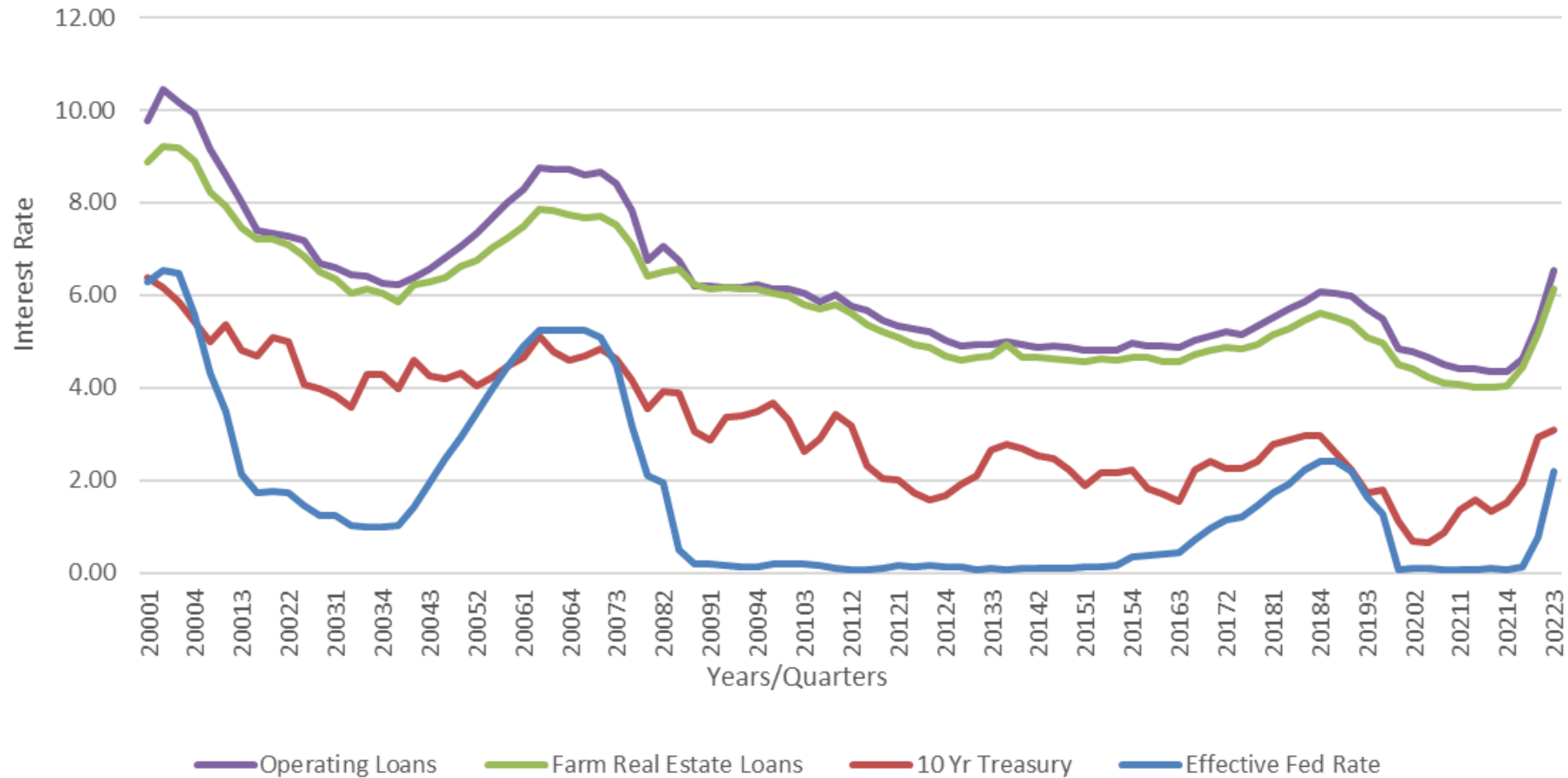
U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates



Interest Rate Trends

Federal Reserve Bank of Chicago - Seventh District Credit Conditions
Federal Reserve Economic Data - Federal Reserve Bank of St. Louis
Yahoo Finance





Credit Conditions Fed Seventh District Ag Banks

Credit Conditions Fed Seventh District Agricultural Banks

		Loan Demand	Funds Availability	Repayment Rates	Loan - Dep. Ratio
		Index	Index	Index	percent
2021	Jan–Mar	79	162	146	69.7
	Apr–June	63	160	146	67.5
	July–Sept	78	161	143	68.8
	Oct–Dec	76	152	153	67.2
2022	Jan–Mar	83	148	159	65.0
	Apr–June	82	129	133	67.0
	July–Sept	91	96	121	68.2

Credit Conditions Fed 7th District Ag Banks

		Operating Loans	Feeder Cattle	Real Estate
		percent	percent	percent
2021	Jan–Mar	4.42	4.58	4.08
	Apr–June	4.40	4.55	4.02
	July–Sept	4.34	4.51	4.01
	Oct–Dec	4.34	4.53	4.03
2022	Jan–Mar	4.64	4.74	4.44
	Apr–June	5.42	5.53	5.17
	July–Sept	6.52	6.58	6.13

Input Costs and Budgets

Energy Information Administration

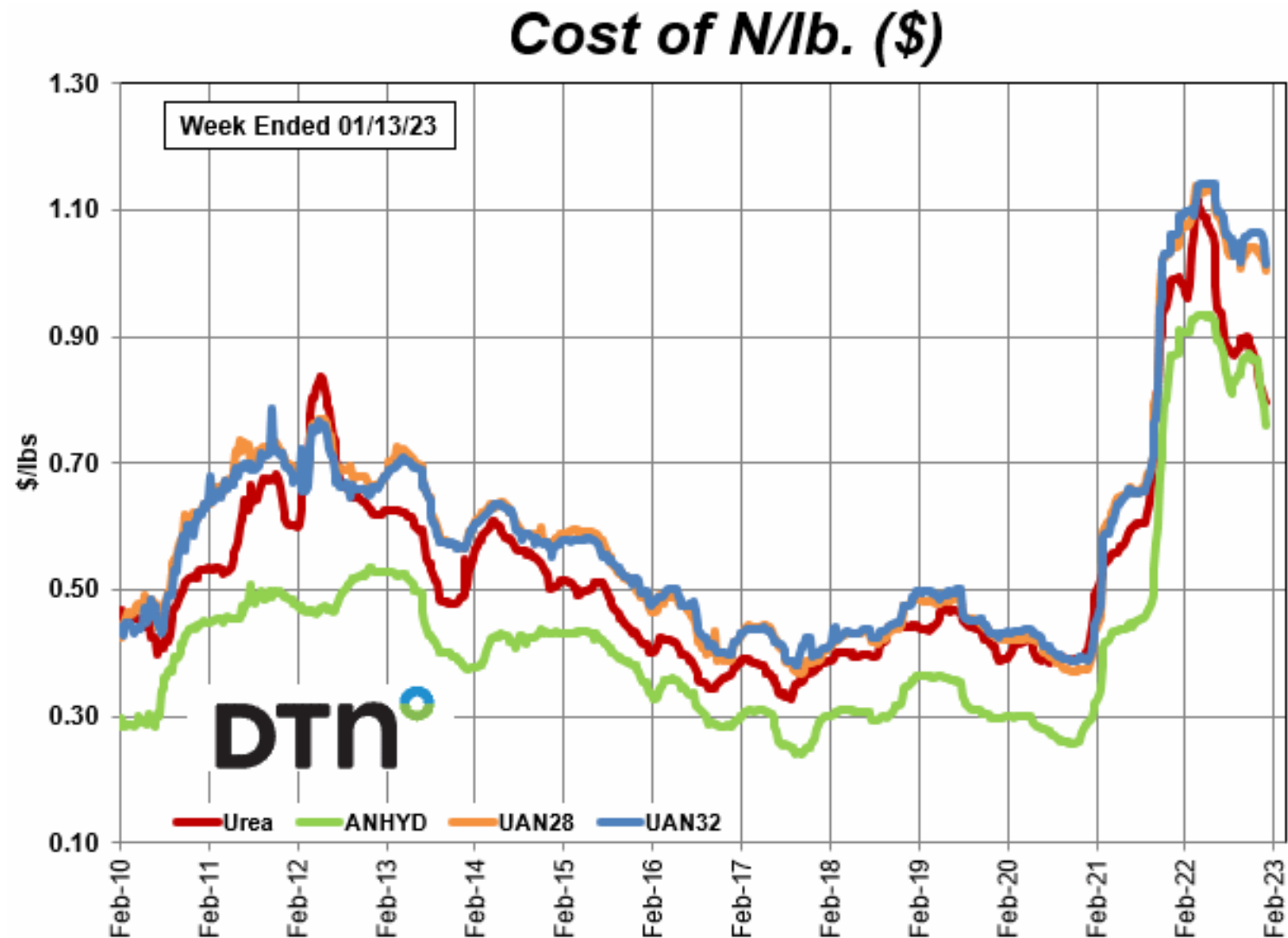
Short-Term Energy Outlook – January 22

EIA Jan 2023

	2021	2022	2023	'22-'23	'21-'23
WTI Crude (\$/brl)	68.21	94.91	77.18	-26.0%	13.2%
Brent Crude (\$/brl)	70.89	100.94	83.10	-25.2%	17.2%
Gasoline (\$/gal)	3.02	3.97	3.32	-21.5%	9.9%
Diesel (\$/gal)	3.29	5.02	4.22	-24.3%	28.3%
Natural Gas (\$s/MMBtu)	3.91	6.42	4.90	-38.9%	25.3%
U.S. Real GDP (% Change)	5.9%	1.9%	0.5%		

Cost of Nitrogen Per Pound

Source: DTN

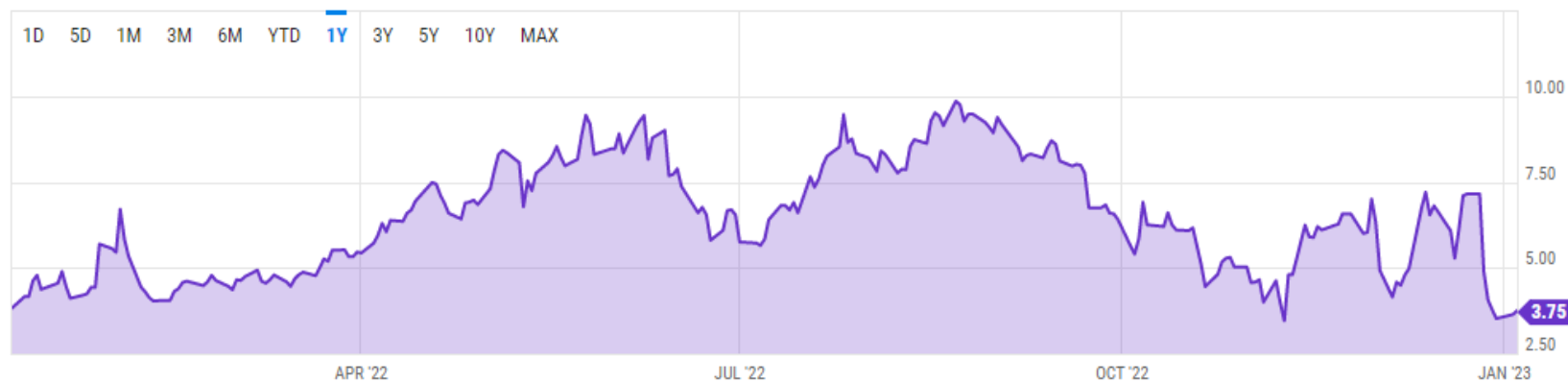


Fertilizer - Supply/Demand Fundamentals

- ✓ Demand
 - ✓ High crop prices – strong domestic and global fertilizer demand

- ✓ Supply
 - ✓ High natural gas prices / availability issues in Europe
 - ✓ EU nitrogen manufacturing shutdowns
 - ✓ Global natural prices trend lower – U.S. & E.U.
 - ✓ Shipping costs trend lower

Natural Gas Price – U.S. and Europe



- ✓ U.S. Henry Hub: \$ 3.75 MMBtu
- ✓ E.U. Dutch TTF: \$18.28 MMBtu



Fertilizer Supply/Demand Fundamentals

- ✓ Trade
 - ✓ China slowed phosphate and UAN fertilizer exports
 - ✓ Sanctions on Belarus Potash - E.U. & U.S.
 - ✓ JSC Belaruskali declared “force majeure” indicating that it won’t be able to meet contracts
 - ✓ Russian invasion and ongoing war against Ukraine
 - ✓ Russian export quotas on N and complex fertilizers
 - ✓ U.S. Dollar weakening
- ✓ U.N. brokered deal (U.N. Black Sea Grain Initiative)
 - ✓ Allows Ukrainian & Russian grain and fertilizer to be shipped through Black Sea region

U.S. Dollar Index

Source: Trading Economics



Ohio Crop Enterprise Budgets 2023

Input Costs

- ✓ Seed Cost: +5%
- ✓ Diesel Price \$4.50 / gallon
- ✓ Fertilizer Prices:
 - ✓ NH₃ \$1,250/T
 - ✓ 28% \$540/T
 - ✓ MAP \$850/T
 - ✓ Potash \$725/T
- ✓ Machinery & Equipment / Repairs: +20%

CORN BUDGET - 2023

		Yield in bushels/acre	
Receipts		184	220
Corn Price	\$5.80 /bushel	\$1,065.46	\$1,278.55
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$115.60	\$122.83
Fertilizer+Soil Amendment		\$238.86	\$265.83
Chemicals (Crop Protection)		\$51.03	\$51.03
Fuel		\$29.70	\$29.70
Repairs		\$33.75	\$33.75
Crop Insurance		\$30.00	\$40.00
All Other		\$178.67	\$206.18
Total Variable Costs / Acre		\$677.61	\$749.82
Fixed Costs			
Labor and Management		\$93.77	\$104.43
Machinery Cost		\$93.20	\$93.20
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$1,113.76	\$1,251.62
Returns			
Return Above Total Costs		-\$48.30	\$26.93
Return Above Variable Costs		\$387.85	\$528.73
Return to Land		\$179.70	\$309.93

SOYBEAN BUDGET - 2023

		Yield in bushels/acre	
Receipts		57	68
Soybean Price	\$13.50 /bushel	\$762.75	\$915.30
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$69.60	\$69.60
Fertilizer+Soil Amendment		\$82.45	\$97.69
Chemicals (Crop Protection)		\$78.07	\$78.07
Fuel		\$25.01	\$25.01
Repairs		\$28.78	\$28.78
Crop Insurance		\$24.00	\$29.00
All Other		\$47.30	\$54.46
Total Variable Costs / Acre		\$355.20	\$381.43
Fixed Costs			
Labor and Management		\$57.94	\$65.57
Machinery Cost		\$74.59	\$74.59
Land Rent		\$228.00	\$283.00
Total Costs / Acre		\$729.79	\$824.27
Returns			
Return to Total Costs		\$32.96	\$96.65
Return to Variable Costs		\$407.55	\$533.87
Return to Land		\$260.96	\$379.65

WHEAT BUDGET - 2023

Yield in bushels/acre

Receipts

74

89

Wheat Price **\$7.30** /bushel

\$540.20

\$648.24

ARC/PLC + Ad Hoc

\$0.00

\$0.00

Variable Costs

Seed Cost

\$47.88

\$47.88

Fertilizer+Soil Amendment

\$130.04

\$157.30

Chemicals (Crop Protection)

\$13.18

\$13.18

Fuel

\$18.00

\$18.00

Repairs

\$18.56

\$18.56

Crop Insurance

\$15.00

\$18.00

All Other

\$67.15

\$75.63

Total Variable Costs / Acre

\$309.81

\$348.55

Fixed Costs

Labor and Management

\$51.31

\$56.71

Machinery Cost

\$43.16

\$43.16

Land Rent

\$228.00

\$283.00

Total Costs / Acre

\$645.27

\$744.41

Returns

Return Above Total Costs

-\$105.07

-\$96.17

Return Above Variable Costs

\$230.39

\$299.69

Return to Land

\$122.93

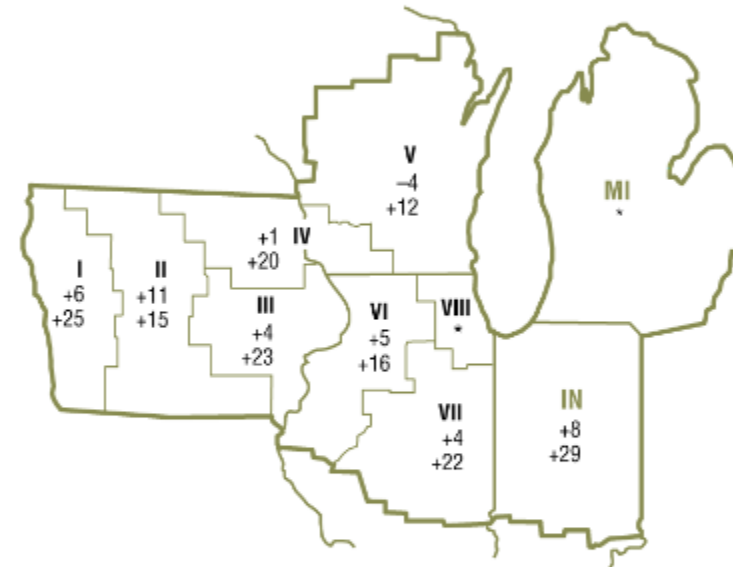
\$186.83

Crop Enterprise Budgets 2023

	Corn	Soybeans	Wheat
Receipts	bu/A Price 184@\$5.80	57@\$13.50	74@\$7.30
Crop Revenue	\$1,065.46	\$762.75	\$540.20
ARC/PLC + Ad Hoc	\$0.00	\$0.00	\$0.00
Variable Costs	\$677.61	\$355.20	\$309.81
Returns			
Return to Variable Costs	\$387.85	\$407.55	\$230.39
Return to Land	\$179.70	\$260.96	\$122.93

Percent change in dollar value of "good" farmland

	July 1, 2022 to October 1, 2022	October 1, 2021 to October 1, 2022
Illinois	+5	+20
Indiana	+8	+29
Iowa	+6	+22
Michigan	*	*
Wisconsin	-3	+12
Seventh District	+4	+20



Top: July 1, 2022 to October 1, 2022

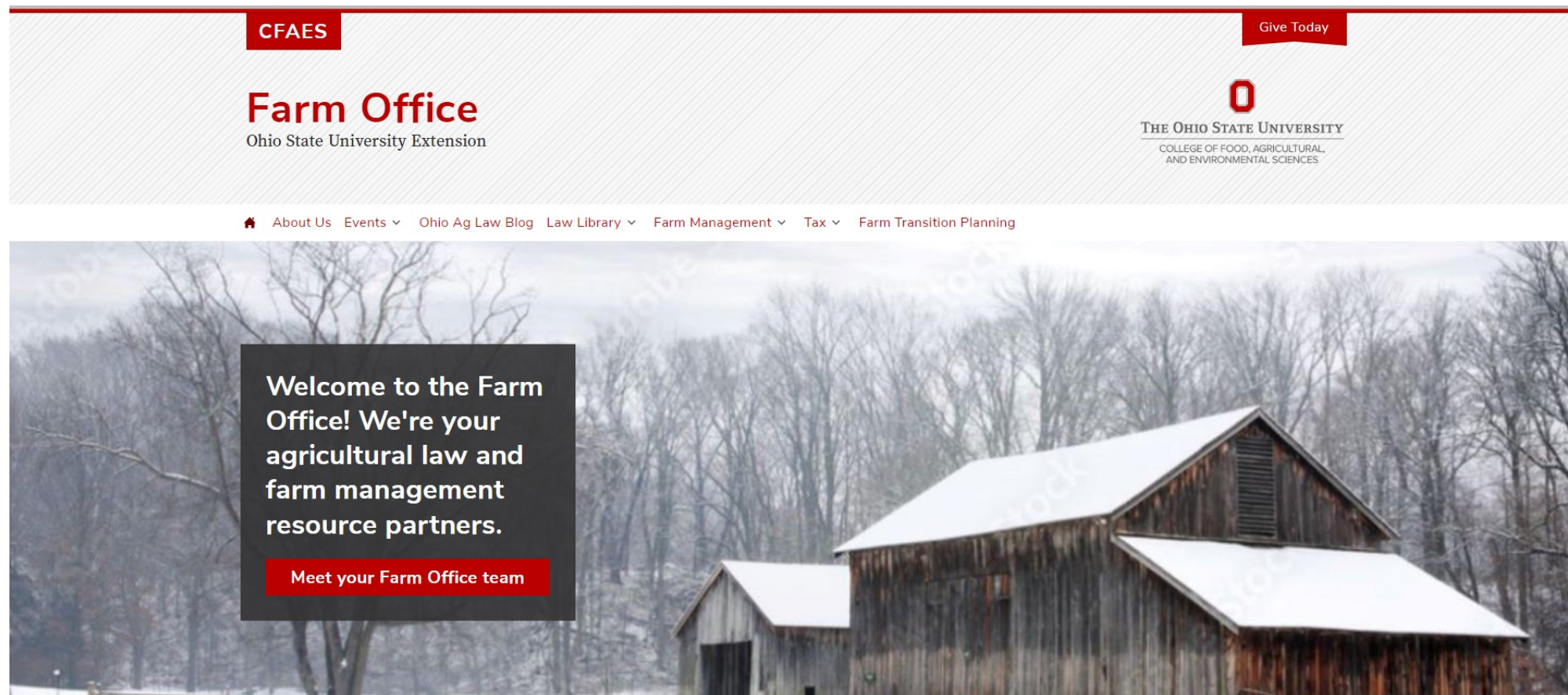
Bottom: October 1, 2021 to October 1, 2022

Barry Ward

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<https://farmoffice.osu.edu/home>





DATES

Jan. 24, 2023
Feb. 28, 2023
Mar. 28, 2023

TIME

7:00–8:30 p.m.

**Via Zoom
Webinar**



OSU EXTENSION PRESENTS

Starting a Food Business

What you need to know about selling your home-based and farm-raised foods

Join us for three webinars to help you start your food business!

1

Start-Up Basics

Jan. 24

What do you want to sell? We'll explain food safety, licensing, legal, and economic considerations for starting to sell your food products.

2

Selling Home-Based Foods

Feb. 28

Learn about food product development, Ohio's Cottage Food and Home Bakery laws, and requirements for selling canned foods.

3

Selling Meat and Poultry

Mar. 28

A look at the economics of selling meat and poultry, meat processing options, and labeling and licensing laws for meat and poultry.

Webinar Faculty

Nicole Arnold, OSU Food Safety Field Specialist
Peggy Kirk Hall, OSU Agricultural Law Field Specialist
Emily Marrison, OSU Family & Consumer Sciences Educator
Garth Ruff, OSU Beef Field Specialist

For details and registration, visit go.osu.edu/foodbusiness

Starting a Food Business Webinar Series

Planning for the Future of Your Farm Webinar Series

- January 23 and 30 and February 6 and 13, 2023.
- Registration fee is \$75 per farm family.
- Registration deadline is January 16, 2023.
- Details and on-line registration can be obtained at go.osu.edu/farmsuccession



OSU Extension

January 23 and 30 & February 6 and 13, 2023

6:30 to 8:00 p.m. via Zoom

OSU Extension will host a virtual four part "Planning for the Future of Your Farm" webinar series on January 23 and 30 and February 6 and 13, 2023 from 6:30 to 8:00 p.m. This workshop is designed to help farm families learn strategies and tools to successfully create a succession and estate plan that helps you transfer your farm's ownership, management, and assets to the next generation.

Topics discussed during this series include: Developing Goals for Estate and Succession; Planning for the Transition of Management; Planning for the Unexpected; Communication and Conflict Management during Farm Transfer; Legal Tools and Strategies; Developing Your Team; Getting Your Affairs in Order; and Selecting an Attorney.

The instructors for this series will be:

Robert Moore, Attorney with the OSU Agricultural & Resource Law Program. Prior to joining OSU, Robert was in private practice for 18 years where he provided legal counsel to farmers and landowners.

David Marrison, OSU Extension Field Specialist, Farm Management. David has worked for OSU Extension for 25 year and is nationally known for his teaching in farm succession. He has a unique ability to intertwine humor into speaking about the difficulties of passing the farm on to the next generation.

Because of its virtual nature, you can invite your parents, children, and/or grandchildren (regardless of where they live in Ohio or across the United States) to join you as you develop a plan for the future of your family farm. Pre-registration is required so that a packet of program materials can be mailed in advance to participating families. We appreciate the support of the Ohio Corn & Wheat Growers Association in sponsoring the mailing of these materials. Electronic copies of the course materials will also be available to all participants. **The registration fee is \$75 per farm family.** The registration deadline is January 16, 2023. More information and on-line registration can be obtained at go.osu.edu/farmsuccession

Contact information: David Marrison, 740-722-6073 or marrison.2@osu.edu



THE OHIO STATE UNIVERSITY
COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES



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Our next webinar is:
February 17, 2023
10:00 to 11:30 a.m.

Please help us by completing today's evaluation

https://osu.az1.qualtrics.com/jfe/form/SV_cHD1n7P7qCNnrxQ

